

**OFFICIAL PROCEEDINGS OF THE BOARD OF
TRUSTEES
CITY OF LANSING
EMPLOYEES RETIREMENT SYSTEM**

Regular Meeting
City Council Conference Room
10th Floor, City Hall
Lansing, MI

December 18, 2014
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:30 a.m.

Present: Dedic, Kraus, McCaffery, Munroe, Dennis Parker, Mark Parker – 6
Absent: Trustee Bernero, Boles, McIntyre

Others: Karen E. Williams, Finance Department; Attorney Kenneth Lane, Clark Hill
(representing the City Attorney's Office).

It was moved by Trustee Dennis Parker and supported by Trustee Mark Parker to approve the Official Minutes of the Employees' Retirement System Board Regular Meeting of November 20, 2014.

Adopted by the following vote: 6 - 0

It was moved by Trustee Dennis Parkers and supported by Trustee Mark Parker to approve the Official Minutes of the Joint Employees' Retirement System Board and the Police and Fire Retirement System Board Meeting of November 20, 2014.

Adopted by the following vote: 6 – 0

There were no public comments.

Secretary's Report. 1 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 2 retired. Total active membership: 296. Total deferred: 68. 3 death(s) Charles L. Dart (911 Dispatch/Teamster, retired 3/27/2005), died 11/20/2014, age 63, spouse to receive 50%; Edith M. Fulkerson, died 11/26/2014, age 88, spouse of Nonbargaining retiree; Betty Durling, (District Court Teamster, retired 8/7/1987), died 12/2/2014, age 84, no beneficiary. Refunds made since the last regular meeting amounted to \$529.60. Retirement allowances paid for the month of November 2014, amounted to \$1,876,122.56. Total retirement checks printed for the ERS System: 912. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

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It was moved by Trustee Kraus and supported by Trustee Mark Parker to approve the requests for Regular Age and Service retirements:

Henry Forbush, (Public Service/Teamster), 29 years, 3 months of service credits, age 53, effective December 13, 2014.

Adopted by the following vote: 6-0

There were no requests for duty disability retirements.

Ms. Williams reported that the Medical Director contacted the Retirement Office and requested additional documents from Applicant #2014 – E0619. Ms. Williams contacted the applicant with the Medical Director's request.

Attorney Ken Lane distributed the City of Lansing Employees' Retirement System Board of Trustees projected budget for calendar year 2015. Attorney Ken Lane stated that annual budget be created and posted as described within Public Act 314..

It was moved by Trustee Kraus and supported by Trustee Mark Parker to approve the City of Lansing Employees' Retirement System Board of Trustees projected budget for calendar year 2015.

Adopted by the following vote: 6 – 0

Attorney Ken Lane updated the Board that he contacted Tegrit regarding their request to list the City of Lansing Retirement Board and its logo in its promotional materials. Attorney Lane notified Tegrit that the Retirement Boards wished to wait to decide upon the request once the project has been completed.

Attorney Lane will provide a hard copy and the electronic copy of the updated investment policy.

Karen Williams updated the Employees' Retirement System Board regarding the concerns raised with the actuarial valuation. Karen Williams notified the Board that the Actuary provided by a revised draft that was reviewed and found acceptable for approval by the Secretary of the Board.

It was moved by Trustee Kraus and supported by Trustee Mark Parker to accept the Employees' Retirement System Actuarial valuation report for the period ending December 31, 2014.

Adopted by the following vote: 6 – 0.

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Attorney Ken Lane reported to that actuarial report should be approved by December 31, 2014 as described in the Employees' Retirement System Board. The Actuary report once approved should be presented to City Council, the Mayor's Office and then posted to the website. The Police and Fire Retirement Board received an email from the Actuary requesting that data be provided to Boomershine Consulting Group by April 30, 2014. The Police and Fire Retirement Board directed legal counsel that the report policy be amended to include the April 30, 2014 date for the Secretary to provide the information to the actuary. Attorney Ken Lane opined that providing the data earlier would allow a draft to be finalized and provide the Boards more time to review. Attorney Lane asked for the Employees' Retirement System Board direction regarding its Report policy.

Trustee Mark Parker inquired if the Secretary had any issues with the time frame. Attorney Lane reported that Ms. Bennett suggested an alternate time frame as of June 30, 2014. Ms. Bennett explained that the Finance Department is short-staffed and has spent a lot of time working on the Tegrit project.

Trustee Kraus suggested that the ERS Board provide similar timeframes within its report policy to be consistent with the Police and Fire Retirement System Board, as an initial starting point. Trustee Kraus suggested that legal counsel draft the amendment for Board discussion and review.

It was moved by Trustee Kraus and supported by Trustee Howard McCaffery to have legal counsel amend the report policy to request that Secretary of the Board provide the actuarial data to the Actuary by the end of April.

Adopted by the following vote: 6 – 0.

Karen Williams reported that ERS Board received the Actuarial funding policy last month. The legal counsel had questions regarding some of the language. Attorney Ken Lane stated that he spoke with the actuary and the language was clarified. Attorney Lane stated that his concerns were address and the policy complies with Public Act 314.

It was moved by Trustee Mark Parker and supported by Trustee Munroe to approve the Employees' Retirement System Actuarial Funding Policy.

Adopted by the following vote: 6 – 0

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Karen Williams distributed and reviewed the Equity Long/Short recommendations from Asset Consulting Group. The three recommendations were:

- 1) Consider allocating 5-10% of the total portfolio to equity long/short and implementing the allocation through a direct portfolio of hedge funds.
- 2) Modify the existing 10% target to real assets to include a 3% allocation to commodities
- 3) Consider investment in the INVESCO Mortgage Recovery Fund II.

It was moved by Trustee Mark Parker and supported by Trustee Dennis Parker to allocate 10% of the total portfolio to hedge funds.

Trustee Kraus clarified that the ERS Board did not approve an allocation through a direct portfolio of hedge fund. The manager designation would be discussed and designated at a later day.

Adopted by the following vote: 6 – 0.

It was moved by Trustee Kraus and supported by Trustee McCaffery to modify the existing 10% target to real assets to include a 3% allocation to commodities.

Adopted by the following vote: 6 – 0

It was moved by Trustee McCaffery and supported by Trustee Dennis Parker to approve the investment to the INVESCO Mortgage Recovery Fund II.

Trustee Kraus inquired if the Invesco Mortgage Recovery Fund II was a new investment with additional allocation, or if the money would be moved from the current Invesco Mortgage Recovery Fund.

Trustee Kraus called Ms. Haley Rives, Asset Consulting Group for further clarification.

Ms. Rives, via phone, addressed the Employees' Retirement System Board and explained that the money would be drawn from the current INVESCO Mortgage Recovery Fund. The committed capital would be the same for the INVESCO Mortgage Recovery Fund (IMRF) II. The current INVESCO Mortgage Recover Fund would eventually close.

Adopted by the following vote: 6 – 0

Ms. Williams updated the Employees' Retirement System Board regarding Tegrit Pension Software project. Ms. Williams reported that Tegrit has supplied a new time line for the completion of the project for August 2015. Most of the delay was due to issues with data migration from the payroll systems.

Trustee Mark Parker added that the new timelines are approximately six months behind the old timelines. Trustee Parkers also reported that the Joint Boards spent approximately \$43,000 for data migration.

Karen Williams reviewed the City of Lansing Employees Retirement System Monthly Investment Report and Securities Lending Report for the month ending November 2014.

The meeting adjourned at 9:07 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees Retirement System

Scott Dedic, Chairperson
Employees' Retirement System